



CLIMATE WATCH

THE BULLETIN OF THE GLOBAL CLIMATE COALITION

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CHARTING THE FUTURE OF GLOBAL CLIMATE CHANGE

A Forecast for Challenge and Opportunity in the United States

For many of you, this first edition of *Climate Watch* is your introduction to the Global Climate Coalition (GCC). GCC was formed in 1989 as a volunteer organization to help define and coordinate business' role in the climate change debate. Today, the GCC, now formalized, is American industry's lead-



By John Shlaes

ing voice on climate change, coordinating developments in environmental, economic and energy research; cooperating with governments worldwide to improve scientific understanding of

global climate change; and promoting the introduction of modern environmental and energy-efficient technologies to developing countries.

Where We Stand Today

Global climate change first made headlines in United States in the late 1980s, during one of the hottest summers on record. A number of scientists and politicians announced that the Earth was warming as a result of rising concentrations of greenhouse gases (such as carbon dioxide) in the atmosphere, generated, in part, by human activity. Their predictions of a climate apocalypse were based solely on computer models. These simulations were used by many as a rationale to call for immediate government action

to restrict the burning of fossil fuels.

Today, just a few years later, we are nearing the end of one of the coolest years on record in the eastern United States. Many scientists have growing doubts about the accuracy of those forecasts that captured widespread media attention and made global climate change a significant international policy issue. Scientists do agree that a natural greenhouse effect exists and that concentrations of greenhouse gases are rising. However, as a result of more sophisticated models, many are now divided on whether increases in the levels of these gases are causing the Earth to warm, or more important, to warm to catastrophic levels.

Frits Boettcher of the Global Institute for the Study of Natural Resources in the Netherlands (a founding member of the Club of Rome) concludes in a recent report, summarized in this edition of *Climate Watch*, that a better understanding

of the science is necessary before nations embark on drastic actions.

This does not mean the United States or the world should stand still. U.S. industry needs to continue taking actions that, regardless of global climate change, make good sense for the economy and the environment. American business has been taking steps to improve energy efficiency and make environmental improvements.* With certainty, the world needs to work cooperatively to provide energy-saving and environmental technologies to developing countries, whose emerging industrialization will account for the majority of future greenhouse gas emissions.

A Defining Issue

From another perspective, global climate change is more than an environmental issue — it has become the focal point for a multitude of political agendas.

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**U.S. business investment in the environment tops \$100 billion a year.*

FINAL ENERGY BILL BECOMES NATIONAL ENERGY POLICY ACT OF 1992

Addresses Climate Change

In 1992 lawmakers took an initial step into the climate change debate when in the closing days of the 102nd Congress they passed the National Energy bill, which included a provision on global climate change. President Bush signed the bill on October 24.

The provision on global climate change calls for additional studies and new inventories of greenhouse gases, with a heavy emphasis on determining

the feasibility, costs and benefits of achieving further reductions. It also sets up voluntary guidelines for reporting greenhouse gas emissions and emissions reductions. One industry publication writes that this provision "could have broader implications for the utility and business communities, since it would enable companies to receive future credit for voluntary reductions made now."

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CLIMATE
CHANGE'S FUTURE*Continued from front page*

Decisions on global climate policy will shape our nation's economic and environmental future. They will affect our ability to compete with our trading partners; they will have an impact on North/South relations and the future role of technology cooperation; and they will be an important issue in the debate about the regulatory role of intergovernmental bodies such as the United Nations (UN).

On October 13, with the consent of the U.S. Senate, President Bush signed the United Nations Framework Convention on Climate Change, making the United States the first developed nation to ratify the treaty. With this act the United States accepts the challenges that will come in the search for sound, effective solutions to climate change issues.

While seeking the best solutions to such challenges, the United States must steer clear of policies that would require American consumers, workers and businesses to bear unnecessary burdens that will raise energy prices and the prices of goods and services throughout the economy. On the international level, the U.S. must avoid policies aimed more at creating international trade advantages for our global competitors than dealing effectively with environmental problems.

Among the challenges ahead lies the opportunity for American industry to help improve the global environment and, at the same time, create jobs at home. American ingenuity and industry is already the source of new, energy-efficient technologies, and the engine of technology

cooperation programs for developing countries. Industry must work closely with the White House to ensure that the United States retains its leadership in providing cost-effective solutions to scientifically validated concerns about global climate change.

The United States cannot lead unless it maintains a prosperous economy and a robust industrial sector. We must work with international agencies and the UN to focus on the needs of developing nations, where the greatest opportunities for reducing future greenhouse gas emissions will lie. In a healthy economy, business can continue to develop and produce technologies that will be the key components in helping these nations, as well as the United States, to meet the challenges posed by global climate issues. ●

ROAD FROM RIO

On October 13, the United States became the first developed nation to ratify the United Nations Framework Convention on Climate Change. But now, six months after Rio, many other nations, some of which enthusiastically supported drastic action on global climate change, are now reexamining positions they took at the Earth Summit as the political and scientific realities set in. Indeed, the United States, which was harshly criticized at Rio as being out of step with the steady march of the international community, has now been joined by other countries in rejecting targets (i.e., specified levels of emissions reductions) and timetables (i.e., specified dates to achieve reductions) for reducing greenhouse gas emissions.

The legislatures of Canada, Germany, France, Japan, Australia and the United Kingdom have all declined to endorse strict targets and timetables such as those earlier proposed by the European Community to reduce greenhouse gas emissions. Carbon taxes, which would place levies on fossil fuels, have also been largely rejected, as countries fear the impact the taxes may have on their competitiveness. A major Japanese government agency just released a report critical of the carbon tax approach.

The only countries that have supported carbon taxes are those that rely heavily on nuclear and hydroelectric power and account for an extremely small percentage of the total carbon emissions for developed countries, such as Norway and Sweden. Even these countries have included exceptions to the carbon

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ENERGY BILL

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The legislation requires a comprehensive evaluation that tracks the social, environmental, economic, energy and competitive impacts of following:

- Stabilizing the generation of greenhouse gases such as carbon dioxide, methane, CFCs;
- Implementing the recommendations of the National Academy of Sciences report "Policy Implications of Greenhouse Warming";
- Reducing greenhouse gases by 20 percent from 1988 levels by the year 2005; and
- Complying with the United Nations Framework Convention on Climate Change.

The legislation also establishes an incentive program to maintain inventories of greenhouse gas emissions. Participation is voluntary and provides companies with the opportunity to receive future credit for their current emissions reductions. The inventory includes information on reductions achieved by, among other things, fuel switching, forest management and tree

planting, methane recovery, and plant closings.

Also, the secretary of energy is asked to develop a least-cost energy strategy, taking into account economic, social, environmental and competitive costs and benefits associated with the plan. A director of climate protection position will be created in the Department of Energy (DOE) to represent the secretary at policy discussions on global climate change.

The global climate-change title (Title XVI) also requires DOE to develop programs through the Trade Promotion Coordinating Council to encourage the export and promotion of domestic energy resource technologies. DOE must set up an "Innovative Environmental Technologies Transfer Program" in consultation with the U.S. Agency for International Development to encourage the export of environmentally acceptable energy technologies.

Funding for the studies and inventories is set at \$50 million for Fiscal Year (FY) 1994 and will increase as necessary for FY 95 and 96. ●

tax; Finland and the Netherlands have imposed taxes that are less than \$10 per ton of carbon, considerably less than required for stabilization.

In addition, many countries are realizing that emissions reductions in developed countries will be insignificant unless emissions in developing nations are controlled as well. Developing countries will account for the majority of increases in carbon dioxide emissions in the next century. Policymakers in developed countries are becoming increasingly reluctant to absorb the costs of stringent measures at home when the relative benefits are likely to be small.

It is expected that the various national action plans on greenhouse gas reductions will reflect the new caution with which the world's developed nations are approaching climate change. The U.S. plan avoids setting targets and timetables for reductions. ●

PAT MICHAELS' NEW BOOK DENOUNCES "POPULAR VISION"

"Honesty is the first chapter in the book of wisdom." This quotation from Thomas Jefferson (who actually wrote about man's impact on the climate) is how Dr. Michaels begins his new book, *Sound and Fury*. This theme pervades his work, as he turns a critical eye on everything from general circulation models ("designed as teaching and research tools...not...to forecast the future") to claims of an inevitable, catastrophic global warming trend resulting from a doubling of carbon dioxide. Dr. Michaels, a climatologist at the University of Virginia, refers to this apocalyptic rallying cry as the "Popular Vision." "It is simply impossible to find any scientific consensus supporting the Popular Vision of climate disaster," he says.

Dr. Michaels questions the accuracy of statements and conclusions made in the 1990 Scientific Assessment of Climate

INC MEETING

The first international meeting of the Intergovernmental Negotiating Committee following agreement on the Framework Convention treaty took place in Geneva, December 7-11, 1992. GCC Executive Director John Shlaes, along with Operations Committee Chair Rob Long (National Coal Association) and Economics Committee Chair Fred Mangelsdorf (Texaco), represented the coalition. As promised at the Rio Summit in June the U.S., which was the first developed country to ratify and sign the treaty, put forth a National Plan as required by the treaty—and was the first to do so. Also during these meetings, two committees were established—one to deal with matters related to commitments and joint implementation and one to deal with financial mechanisms and

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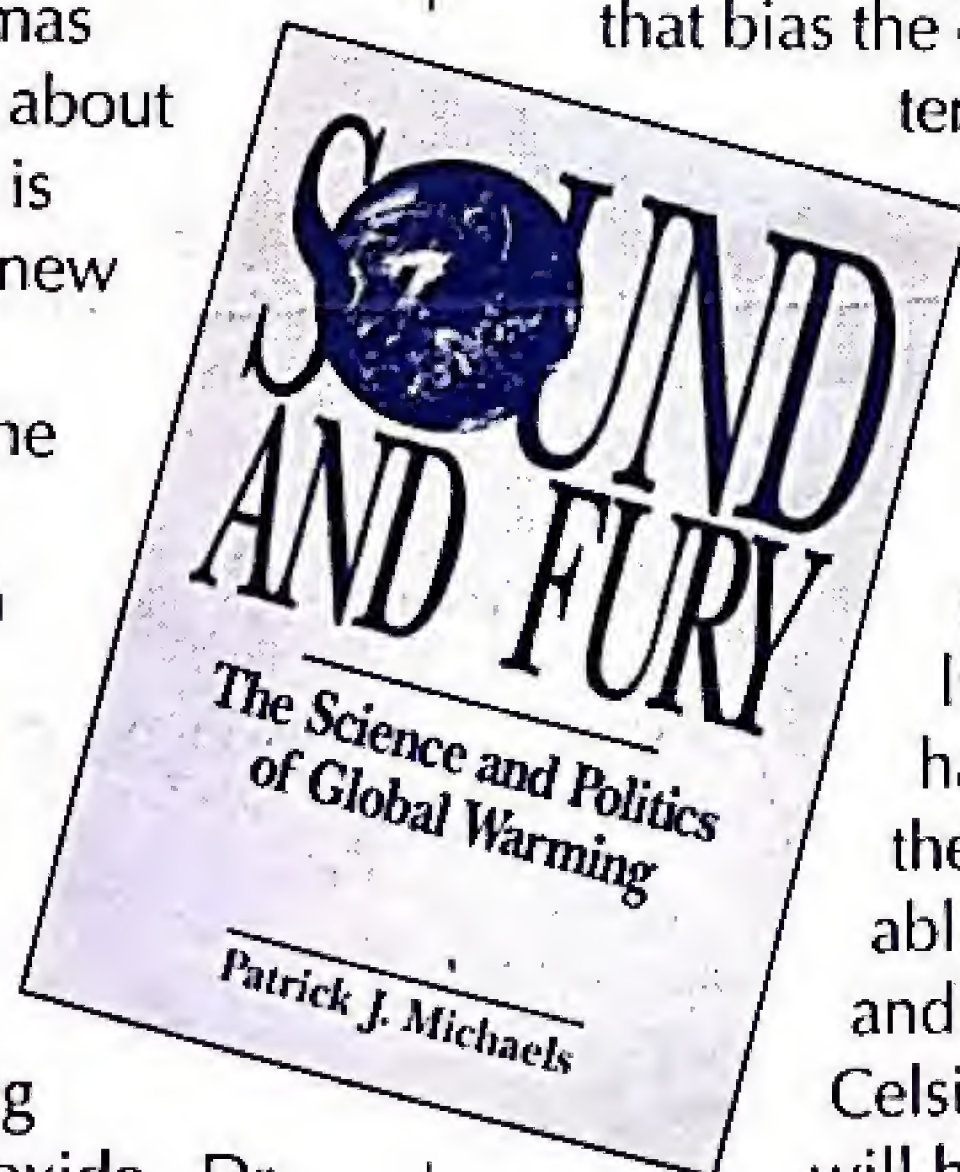
Change report from the United Nations Intergovernmental Panel on Climate Change (IPCC), describing it as "the consensus of a very carefully chosen group of lead authors." He also examines the historical temperature data, outlining several factors (like the urban "heat island" effect) that bias the data toward increases in temperature that have

nothing to do with scientifically verified global climate change.

His concluding long-range forecast? "There is little doubt that we have had some warming over the past 100 years — probably between one-quarter and one-half of a degree Celsius. The warming that will have occurred between 1900 and the time carbon

dioxide effectively doubles in the next century will be a little less than one degree warmer than they are today."

Michaels, Patrick J. *Sound and Fury: The Science and Politics of Global Warming*. Washington, D.C.: Cato Institute, 1992. (Copies may be obtained from the Cato Institute.) ●



HAGUE REPORT

Dr. Patrick Michaels isn't the only one writing critically about the 1990 Intergovernmental Panel on Climate Change (IPCC) report. The Global Institute for the Study of Natural Resources recently released a new study titled "Science and Fiction of the Greenhouse Effect and Carbon Dioxide."

Following are some highlights taken from the Institute's critique.

- "The credibility of the Intergovernmental Panel on Climate Change (IPCC) is decreasing. This committee should cease to ignore the growing opposition from the scientific community and should promote a serious discussion with its opponents, instead of persisting in an attitude of isolation."
- "The supposition that the Earth's climate can be written down as a huge system of mathematical equations, solved on a computer, grossly underestimates the extreme complexity of the system."
- "The IPCC conclusion that the global mean surface air temperature has been increasing in the past decade is not confirmed by highly precise measurements from satellites."
- "The discussion pro and con doomsday predictions concerning climate change has little to do with science and much with politics."
- "The crucial question for policymakers is how much scientific uncertainty is acceptable to take drastic actions in spite of the uncertainty."
- "In the research concerning climate change and related subjects, top priority should be given to three fields: Intensification of the research on the oceans in all respects...; multidisciplinary research on the carbon cycle; and research on the chemical processes in the upper layers of the atmosphere." ●

JAPANESE AGENCY SHUNS CARBON TAX

A major Japanese government agency recently outlined its dissatisfaction with using a carbon tax as a part of Japan's pollution reduction efforts. The Ministry of International Trade and Industry (MITI) states in its report "Fourteen Proposals for a New Earth," "attempting to adequately reduce CO₂ emissions with taxes...will inevitably necessitate quite high rates...[that possibly] would reduce economic growth, and create inflation."

If such a tax is not applied by all nations, the report says, "it would invite the international migration of industry." As a result, industry would be induced to migrate "to world regions with lower energy efficiency...invit[ing] a global increase in CO₂ emissions."

The November 26, 1992, edition of the *Mai Nichi* newspaper in Japan included this assessment:

"MITI's position is now similar to that of the U.S. They feel that anything that regulates carbon dioxide, including a carbon tax, will not be tolerated because any attempt to control carbon dioxide or to tax energy sources will distort price mechanisms and thus hurt the economy. MITI would rather support a reduction of the total energy consumption and will continue the bureaucratic fight with the Department of Energy, which is promoting an environment/energy tax."

Copies of the MITI report are available from GCC. ●

CLIMATE FILE:

Useful Titles on Global Climate Change

1 Boettcher, C.J.F. "Science and Fiction of the Greenhouse Effect and Carbon Dioxide." The Hague, Netherlands: The Global Institute for the Study of Natural Resources, 1992.

See the review on page three. Copies are available through the Science and Environmental Policy Project, Arlington, VA, 703-527-0130.

2 Easterbrook, Gregg. "Green Cassandras." *The New Republic* (July 6, 1992): 23-25.

A contributing editor for *Newsweek* and *The Atlantic*, Easterbrook takes a critical view of environmentalists who focus on the "speculative threat" of global warming at the expense of "confirmed problems" such as species extinction and conditions in the Third World.

3 Michaels, Patrick J. *Sound and Fury: The Science and Politics of Global Warming*.

Washington, DC.: Cato Institute, 1992.

See the review on page three. Copies are

available through the Cato Institute at 202-546-0200.

4 Singer, S. Fred. "Warming Theories Need Warning Label." *The Bulletin of Atomic Scientists* (June 1992): 34-39.

As director of the Washington-based Science and Environmental Policy Project (SEPP), Dr. Singer is a strong critic of the conventional wisdom on climate catastrophe.

5 Steger, Wilbur A., and Frederick H. Reuter. "Jobs at Risk: Short-Term and Transitional Employment Impacts of Global Climate Policy Options." Pittsburgh: CONSAD Research Corporation, 1992.

This study by the economic research firm CONSAD estimates the employment impact (by state) of a carbon tax. Copies are available from the CONSAD Research Corporation, 121 North Highland Avenue, Pittsburgh, PA, 15206. ●

INC MEETING

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legal and procedural matters. Finally, there was an agreement for the parties to meet March 15-18 in New York to discuss financial mechanisms and to meet August 23-27 in Geneva to discuss the full range of INC issues, including commitments. The January newsletter will have additional details. ●

Climate Watch is published quarterly by Global Climate Coalition, an organization of business trade associations and private companies established to coordinate business participation in the scientific and policy debate on global climate change.

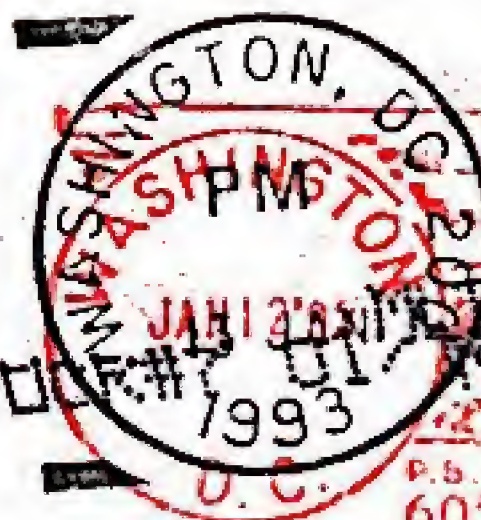
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